



7710-12

POSTAL SERVICE

39 CFR Part 501

Revisions to the Requirements for Authority to Manufacture and Distribute Postage Evidencing Systems

AGENCY: Postal ServiceTM.

ACTION: Final rule.

SUMMARY: The Postal Service is revising the rules concerning authorization to manufacture and distribute postage evidencing systems to reflect new revenue assurance practices.

DATES: *Effective:* [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

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SUPPLEMENTARY INFORMATION: On April 23, 2015, the United States Postal Service published a proposed rule to amend 39 CFR part 501 to support the automated revenue assurance program currently in development. (See, 80 FR 22661). Comments were received from two industry stakeholders. The first comment generally supported the proposed rule as written. The second comment suggested that the proposed rule should be clarified to apply only to PC Postage systems, and not postage meters. Further, it suggested that the proposal inadequately addressed the cost burden that would be imposed on PC Postage providers, and should provide additional detail

regarding account suspension processes, adjustments for overpayment of postage, and the role of the PC Postage provider in the dispute resolution process.

The Postal Service believes that the rule as proposed is appropriately written to encompass all postage evidencing systems. While initial automated collection efforts will be facilitated by PC Postage vendors, all customers should pay postage accurately, regardless of the postage technology they elect to use. As automated solutions become available for the various postage evidencing systems USPS will coordinate implementation plans with the parties concerned. Current manual efforts employed by the Postal Service to collect proper postage are costly and inefficient. An automated approach will reduce costs and improve overall recovery efforts. The costs of program administration will be acknowledged and considered as the USPS establishes operative recovery thresholds and certain other program related business rules. Account suspension, however, is already specifically addressed in postal regulations not modified by this proposal (see, 39 CFR 501.6), and we see no current need for further clarifications in these regulations. We further believe that the proposed rule as written (in conjunction with current 39 CFR 501.11 and 501.12) appropriately discusses PC Postage provider participation in the dispute process. The Postal Service is working diligently to ensure the quality and accuracy of postage evidencing data using automated process controls, and may elect to make such adjustments to our rules in the future as are required to achieve that end. At this time, however, we believe it is appropriate to publish this final rule.

List of Subjects in 39 CFR Part 501

Administrative practice and procedure.

Accordingly, for the reasons stated, 39 CFR part 501 is amended as follows:

**PART 501 — AUTHORIZATION TO MANUFACTURE AND DISTRIBUTE POSTAGE
EVIDENCING SYSTEMS**

1. The authority citation for 39 CFR part 501 continues to read as follows:

Authority: 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 410, 2601, 2605,
Inspector General Act of 1978, as amended (Pub. L. 95-452, as amended); 5 U.S.C.
App. 3.

2. In § 501.1, revise paragraph (g) to read as follows:

§ 501.1 Definitions.

* * * * *

(g) A *customer* is a person or entity authorized by the Postal Service to use a Postage Evidencing System as an end user in accordance with *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), including 604 Postage Payment Methods and Refunds, 4.0 Postage Meters and PC Postage Products (Postage Evidencing Systems).

3. In § 501.2, revise paragraph (d) to read as follows:

§ 501.2 Postage Evidencing System Provider authorization.

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(d) Approval shall be based upon satisfactory evidence of the applicant's integrity and financial responsibility, commitment to comply with the Postal Service's revenue assurance practices as outlined in section 501.16, and a determination that disclosure to the applicant of Postal Service customer, financial, or other data of a commercial nature necessary to perform the function for which approval is sought would be

appropriate and consistent with good business practices within the meaning of 39 U.S.C. 410(c)(2). The Postal Service may condition its approval upon the applicant's agreement to undertakings that would give the Postal Service appropriate assurance of the applicant's ability to meet its obligations under this section, including but not limited to the method and manner of performing certain financial, security, and servicing functions and the need to maintain sufficient financial reserves to guarantee uninterrupted performance of not less than 3 months of operation.

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4. In § 501.16 add paragraph (i) to read as follows:

§ 501.16 PC postage payment methodology.

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(i) *Revenue Assurance.* To operate PC Postage systems, the provider must support business practices to assure Postal Service revenue and accurate payment from customers. Specifically, the provider is required to notify the customer and adjust the balance in the postage evidencing system or otherwise facilitate postage corrections to address any postage discrepancies as directed by the Postal Service, subject to the applicable notification periods and dispute mechanisms available to customers for these corrections. The Postal Service will supply the provider with the necessary detail to justify the correction and amount of the postage correction to be used in the adjustment process. The provider must supply customers with visibility into the identified postage correction, facilitate a payment adjustment from the customer in the amount equivalent to the identified postage discrepancies to the extent possible, and enable customers to submit electronic disputes of such postage discrepancies to the Postal Service. Further

if the Customer does not have funds sufficient to cover the amount of the discrepancies or the postage discrepancies have not been resolved, the provider may be required to temporarily suspend or permanently shut down the customer's ability to print PC Postage as described in the Domestic Mail Manual section 604.4.

5. In § 501.18, revise paragraph (b)(2) and add paragraph (c)(6) to read as follows:

§ 501.18 Customer information and authorization.

* * * * *

(b)

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(2) Within five years preceding submission of the information, the customer violated any standard for the care or use of the Postage Evidencing System, including any unresolved identified postage discrepancies that resulted in revocation of that customer's authorization.

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(c)

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(6) The customer has any unresolved postage discrepancies.

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